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## **CHIHO ENVIRONMENTAL GROUP LIMITED**

**齊合環保集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 976)**

### **PROFIT WARNING**

This announcement is made by Chiho Environmental Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in accordance with the Inside Information Provision (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that based on the preliminary review of the currently available information which includes, but without limitation to, the unaudited consolidated management accounts for the six months ended 30 June 2020, it is expected that the Group will record a loss attributable to the Shareholders in the range of HK\$270 million to HK\$290 million for the six months ended 30 June 2020 as compared to the profit of HK\$2.0 million for the corresponding period in 2019. The anticipated loss attributable to the Shareholders reflected the adverse market conditions from the outbreak of novel coronavirus pandemic, which affected our suppliers and customers, as well as the commodity prices, across the world, led to a drop in our gross profit margin to approximately 5.4% as compared to 5.9% for the corresponding period in 2019. Businesses began to recover in May towards the end of second quarter as lockdowns in Europe gradually eased. The anticipated loss also included the impairment charges of approximately HK\$56.0 million for certain machineries and equipment in Greater China region that are unlikely to provide meaningful profit contribution in the future as we have relocated the scrap motor dismantling operations to South/Southeast Asia.

As the Company is still in the process of finalising the unaudited interim results of the Group for the six months ended 30 June 2020, the information contained in this announcement is only based on the preliminary review and assessment made by the Board based on the unaudited consolidated management accounts of the Group and information currently available, which have neither been audited nor reviewed by the auditor and audit committee of the Company. The above information may be subject to further adjustments upon further review. Shareholders and potential investors are advised to read carefully the announcement of the unaudited interim results of the Group for the six months ended 30 June 2020 which, is expected to be published in late August 2020.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Chiho Environmental Group Limited**  
**Qin Yongming**  
*Chairman*

Hong Kong, 3 August 2020

*As at the date of this announcement, the Board comprises:*

*Executive Directors:*

Mr. Qin Yongming (*Chairman*)  
Mr. Tu Jianhua  
Mr. Rafael Heinrich Suchan (*Chief Executive Officer*)  
Mr. Martin Simon (*Chief Financial Officer*)

*Independent Non-Executive  
Directors:*

Dr. Loke Yu  
Ms. Qian Liping  
Mr. Ko Frankie Andrew